

Message Text

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15

ACTION ARA-10

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FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 7514

INFO AMEMBASSY GUATEMALA

UNCLAS SAN SALVADOR 0802

EO 11652: N/A

TAGS: ECON EAID ES

SUBJ: NATIONAL ACCOUNTS-EL SALVADOR

REF: A. SAN SALVADOR A-183 (1974) B. SAN SALVADOR A-13 (1975)

C. LUBIN/TAYLOR LETTER DATED JANUARY 15

GUATEMALA ALSO FOR ROCAP

ALSO FOR AID/SER/FM/SRD - HARRIET LUBIN

1. THE FOLLOWING REVERSES SOME OF THE DATA SUBMITTED BY REFAIR A AND RESPONDS TO QUESTIONS CONVEYED BY LETTER UNDER REF C PERTAINING TO AID'S CONGRESIONAL PRESENTATION. SOURCE IS CENTRAL RESERVE BANK (BCR) AND ALTHOUGH 1974 DATA ARE UNPUBLISHED AND ARE NOT FOR DISSEMINATION OUTSIDE USG WE WOULD NOT SEE THIS AS INHIBITING THEIR USE FOR THE CONGRESSIONAL PRESENTATION.

2. NATIONAL ACCOUNT DATA AS SUBMITTED UNDER REFAIR A REVISED UPWARDS 1972; THESE DATA WERE SUBSEQUENTLY REVISED DOWNWARDS. DATA FOR 1973 ARE UNCHANGED AND ALTHOUGH THE GDP ESTIMATE FOR 1974 IS ALSO UNCHANGED SOME FIGURES WITHIN THE EXPENDITURE ACCOUNT HAVE BEEN ALTERED. REVISED DATA FOR THE EXPENDITURE ACCOUNTS FOLLOW, IN MILLIONS OF DOLLARS, CURRENT MARKET PRICES:

	1972	1974
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I. CONSUMPTION	978.7	1430.0
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PRIVATE 855.7 1263.1

PUBLIC NK 123.0 166.9

II. GROSS DOMESTIC INVESTMENT 163.3 296.0

FIXED CAPITAL FORM. 189.7 762.6

PRIVATE 138.4 181.0

PLANT/EQUIP. 104.5 131.5

CONSTRUCTION 33.9 49.5

PUBLIC 51.3 81.6

PLANT/EQUIP. 9.1 17.6

CONSTRUCTION 42.6 64.0

INVENTORY VARIATION -26.4 33.4

III. EXTERNAL BALANCE 11.1 -139.8

EXPORTS G AND S 335.4 504.5

IMPORTS G AND S -324.2 -644.3

GROSS DOMESTIC PRODUCT 1153.2 1586.2

NET FACTOR INCOME

FOR 1973 IS 15.0) 10.7 13.8

GNP 1132.5 1572.4

3. REPAIR B, ITEM D, CONVEYED LATES BCR GDP DEFLATORS WHICH
WILL HAVE TO SUFFICE FOR GNP ADJUSTMENT AS WELL.

4. WE BELIEVE THAT RECENT REVISIONS OF 1974 EXPENDITURE
ACCOUNT DATA REFLECT A POLITICAL DECISION THAT 1974 GDP
GROWTH AT 1962 CONSTANT PRICES WAS 6.0 PERCENT. WE SAY THIS
AFTER HAVING OBSERVED THAT WITH A REDUCTION BY CONAPLAN OF
THE PUBLIC INVESTMENT BY \$27.3 MILLION FROM THE EARLIER BCR
ESTIMATE, THE BCR COMPENSATED FOR THIS "LOSS" BY INCREASING
PRIVATE CONSUMPTION BY \$23.2 MILLION AND INVENTORIES BY
\$4.1 MILLION, THUS LEAVING THE GDP ESTIMATE UNCHANGED AND
GIVING THE SAME 17.9 PERCENT GROWTH AT MARKET PRICES,
WHICH WITH AN 11.9 DEFLATOR YIELDS A 6.0 PERCENT REAL
GROWTH. WE SUGGEST THAT, ALTHOUGH WE AND CONTACTS WITHIN
THE GOES BELIEVE THE 6 PERCENT FIGURE MAY BE 1.5 TO 2.0
POINTS HIGH, AID USES THE 6.0 PERCENT, WHICH IS NOW ENDORSED
PUBLICLY BY CONAPLAN AND THE BCR.

5. IN RESPONSE TO REF C, THE REPORTED ACTUAL EXPENDITURES
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OF THE MINISTRY OF DEFENSE AND PUBLIC SECURITY FOR 1973 AND
BUDGETED FOR 1974 ARE: 1973 - 38.8 MILLION COLONES
(\$15.5M); 1974 - 44.7 MILLION COLONES (\$17.9M). ACTUAL
1974 EXPENDITURES WILL NOT BE KNOWN UNTIL MID-1975.
CAMPBELL

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NNN

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